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ARTICLE APPEARED
ON PAGE 1

1 May 1987

Shedding Light

Hearings May Focus On Role Reagan Had In Iran-Contra Affair

House-Senate Investigation, Which Begins on Tuesday, Will Examine New Data

Poindexter's Twice-Told Tale

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WASHINGTON—When the Senate and House committees investigating the Iran-Contra affair begin two months of long-awaited televised hearings next Tuesday, the main character won't be there.

Ronald Reagan isn't scheduled to take the witness chair, and he hasn't given a deposition. The president insists that he didn't trade arms for Americans held hostage in Lebanon and that he didn't know that money from his administration's secret arms sales to Iran was diverted to help Nicaraguan rebels. But leaders of the congressional investigation predict that by the time their combined House-Senate hearings end this summer, the president will emerge as a commander in chief who inspired and applauded his aides' activities.

"Reagan deeply believed that the Contras were an important element in the security of America," says Sen. Warren Rudman, the New Hampshire Republican and vice chairman of the Senate investigating committee. Adds a senior congressional investigator: "He made the decisions, and he wasn't manipulated. He made the fundamental decision that the Contras shouldn't perish."

What Isn't Clear

Congressional investigators say Mr. Reagan's personal diary, his appointment calendar and his public statements all show he was actively involved in raising funds for the Contras and in encouraging his aides to do likewise. But, they say, it isn't clear that the president's advisers told him about everything they were doing. And investigators say they don't yet have any evidence that Mr. Reagan knew profits from the sale of arms to Iran were diverted to help the Contras, or that he approved any lawbreaking by his aides or others.

But the hearings won't be confined to the diversion issue or to narrow questions of whether White House aides broke the law. Rather, say congressional investigators, the panels want to know whether the president entrusted two of his most important foreign-policy priorities—Iran and the Contras—to a handful of privateers in a deliberate effort to flout congressional and legal restraints on covert action and aid to the Nicaraguan insurgents.

The hearings could be much more damaging to the president than were earlier investigations by the Senate Intelligence Committee and a special presidential review board headed by former Republican Sen. John Tower of Texas. The Tower board concluded that the president's detached management style allowed overzealous aides to draw the U.S. into ill-advised and embarrassing secret dealings with Iran and the Contras. The new hearings, however, will show that the president was actively involved in the policies, and not a "befuddled" bystander, predicts Sen. Daniel Inouye, the Hawaii Democrat who heads the Senate panel.

New Information

One major difference is that new hearings will be based on disclosures from principal participants and records that weren't available to earlier investigators. The hearings should provide a much more complete account of administration involvement, specifically the president's involvement, in private efforts to raise money for the Contras after Congress cut off U.S. military support.

The most important unanswered question, says Sen. David Boren, an Oklahoma Democrat, is: "Did the president faithfully carry out the spirit of the law, or was he ignoring it? . . . Did he subvert the process himself by trying to raise funds to get money to the Contras?"

The White House is bracing itself for the worst. There are widespread—but unconfirmed—rumors that Rear Adm. John Poindexter, the former national security adviser who has remained silent, will testify that he twice told Mr. Reagan that profits from the arms sales to Iran were diverted to the Contras. Senior White House officials concede that it may be difficult to prove the president didn't know about and didn't authorize a diversion.

Privatized Policy

What upsets Congress more than the diversion of funds is the administration's decision to use private citizens, including foreign agents and arms merchants, to carry out secret foreign initiatives without consulting Congress. This privatization of American foreign policy "is far more important than Watergate," charges Sen. Inouye, who served on the Senate Watergate committee 14 years ago. While nobody currently expects these hearings to force President Reagan's resignation, the investigation will show that administration officials conducted covert foreign-policy operations that, well-intentioned though they may have been, turned out to be confused, duplicitous failures. "Very few people are going to look good here," says a senior congressional investigator.

Some of the president's former aides, including two of his past national security advisers, are expected to testify that they briefed Mr. Reagan frequently about ostensibly private support for the Contras. Other principals in the affair will claim they were told that Mr. Reagan applauded their activities in behalf of the Nicaraguan insurgents.

The panels will begin next week by questioning retired Air Force Maj. Gen. Richard Secord, who was recruited in 1984 by fired White House aide Lt. Col. Oliver North to help create the private arms network. Later, Col. North also asked Gen. Secord, an experienced covert operator, to help arrange the delivery of arms to Iran.

Shedding Light

Gen. Secord, who will testify without immunity from prosecution, can provide detailed information on the inner workings of both the Contra support operation and the secret arms sales to Iran. Investigators hope he will shed light on whether the President directed his aides to establish the private Contra network, on who made the decision to divert funds from the Iran arms sales and on who profited from the operations.

Friends expect that, in his defense, Gen. Secord will testify that his actions were entirely legal and authorized by senior Reagan administration aides. They say that he can be expected to describe his relationship and meetings with former Central Intelligence Agency Director William Casey, who, intelligence officials say, was a driving force behind both the Iran and the Contra policies.

According to someone familiar with the congressional investigation, retired Air Force Col. Robert Dutton, who ran the aerial resupply operation for Gen. Secord last year, provided photographs for Col. North to use in briefing the president on the operation. It isn't known whether Mr. Reagan saw the photographs, however. The source says that Mr. Dutton, who has a grant of immunity from the panels, is expected to testify "that he believed he was working for the big man."

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Former national security adviser Robert McFarlane, who has told investigators he briefed the president on secret Saudi Arabian donations and other aid to the Nicaraguan insurgents, will be another early witness.

Star Witness

Mr. McFarlane's successor, Adm. Poindexter, is expected to be one of the star witnesses when he testifies under limited immunity in June. Administration officials say that Adm. Poindexter kept detailed notes of his meetings with President Reagan and, like Mr. McFarlane, briefed the president regularly on aid to the Contras.

Congressional investigators have interviewed more than 300 witnesses, subpoenaed more than 150 people and reviewed more than 100,000 documents. Those documents include bank records and other evidence enabling the committee to unravel much of the complicated financial network supporting the Contras.

The panels will explore the domestic fund-raising activities of Carl "Spitz" Channell and other conservative Contra supporters. This week, Mr. Channell pleaded guilty to conspiring to use tax-exempt contributions to purchase military equipment for the Contras and named Col. North as a co-conspirator. Independent counsel Lawrence Walsh also could prosecute Messrs. North, Secord and others.

The evidence gathered by the committees indicates that administration officials began to organize the ostensibly private effort to finance the Contras in 1984, as Congress was moving to cut off U.S. government aid to the rebels.

Keeping Contras Afloat

During 1984, a number of private organizations and individuals, including retired Army Maj. Gen. John Singlaub and Gen. Secord, already were involved in aiding the Contras. But private efforts were haphazard and uncoordinated, and administration officials began discussing ways to keep the Contras afloat until the president could persuade Congress to resume aid.

Administration officials say that during meetings of the Restricted Interagency Group, or RIG, Col. North, CIA Latin American operations chief Duane "Dewey" Clarridge and other officials debated whether to seek aid to the Contras from Israel, Saudi Arabia or other countries.

Late in 1984, Col. North wrote a memo to Mr. McFarlane proposing that the administration determine whether Saudi Arabia, which was helping finance anti-Communist rebels in Afghanistan, also might be willing to provide financial support to the Contras.

Mr. McFarlane, however, has told investigators that beginning in July 1984, Saudi Arabia began making contributions to the insurgents that ultimately totaled about $30 million. Investigators say it isn't clear whether Col. North knew of the Saudi contributions or whether his memo was designed to conceal the existing Saudi aid.

Turning to Secord

Even with the Saudi money, the Contra aid effort remained disorganized and ineffective, administration officials say. At the same time, Col. North and other White House aides realized that Congress was unlikely to reverse itself quickly on the Contra-aid issue. In an effort to guarantee the Contras' survival, Reagan officials and people familiar with the congressional investigation say, Col. North turned to Gen. Secord to help organize a more effective private aid network.

"Getting aid to the Contras was a preoccupation of Reagan, Regan and Casey," says one senior intelligence source. "Reagan certainly knew that Ollie [North] was in charge of efforts to get help for the Contras."

While Gen. Secord and associates assembled a complex network of companies, bank accounts, and individuals to funnel weapons and supplies to the rebels, Mr. Casey personally recruited the CIA station chief in Costa Rica to assist them, intelligence sources say. Mr. Casey directed the CIA officer to report to him through Clair George, the CIA's operations director, the sources say.

Mr. Casey, now hospitalized with pneumonia after surgery earlier this year for the removal of a malignant brain tumor, isn't likely to testify, but other CIA officers are expected to appear.

Disguising Money Movements

Gen. Secord's business partner, Albert Hakim, an Iranian-American with past ties to the CIA, served as one of the network's principal financial managers. Mr. Hakim, who became a U.S. citizen in 1984 and whose immigration file is partly classified, is identified by investigators as an expert on disguising money movements through secret overseas bank accounts.

Congressional investigators say that funds diverted from the Iranian arms sales and other moneys were routed through Swiss bank accounts and a network of companies in the U.S., Europe and Central America. Last week, Mr. Hakim turned over his Swiss bank records and other documents to the congressional committees under a limited grant of immunity.

Investigators still are trying to learn how much money was diverted from the Iranian arms sales to help the Contras. Investigators will focus on whether Mr. Hakim, Gen. Secord and their associates pocketed any profits from the arms sales, as well as whether kickbacks were paid to Iranian officials. Gen. Secord has told friends that he didn't profit from his involvement in the affair. Mr. Hakim and his attorney haven't been available for comment.

"Big money becomes very tempting," Sen. Inouye says. "I think we can safely say persons and organizations did make more than the usual profits."

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